
Direct Loans

William D. Ford Federal Direct Loan Program

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NEWSLETTER

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Loan Origination Transition

In March 1996, Electronic Data Systems (EDS), under the direction of the U.S. Department of Education, will begin managing loan origination and reconciliation at the Loan Origination Center (LOC) in Montgomery, Alabama.

There will be a transition period between the time the LOC comes on line and the origination functions at the Direct Loan Servicing Center (DLSC) in Utica shuts down. **During the transition period there will be no interruptions in the flow of funds to schools. Schools may continue to make drawdowns.** However, there will be an interruption in the receipt and processing of electronic transactions, promissory notes, and endorser forms. From March 22 through March 29 we will temporarily shut down the system to move loan origination and reconciliation from the DLSC to the LOC.

We encourage schools to transmit as many records and PNotes as possible to the DLSC prior to the temporary shutdown. Because the DLSC will not be able to process 1996-97 transactions, we ask that schools hold those transactions until after shutdown of origination functions at the DLSC on March 21. A schedule of transaction processing for *Work in Progress* is included on page 3. We regret any inconvenience the transition may cause but we want to ensure the new system and databases are complete when we bring the LOC on line. You may continue internal Direct Loan processing while the system is temporarily down, and transmit the transactions over the TIVWAN. The transactions will be retrieved and processed beginning March 30.

NCS will distribute the 1996-97 EDEExpress software during the last two weeks of March, prior to the March 30

cutover. NCS will notify all schools about the software distribution schedule.

We want you to be fully informed as we begin implementing the new system so we have decided to devote the entire January/February *Direct Loans Newsletter* to the new LOC. A brief article about what schools should expect during the transition is included. A summary of technical modifications to ease access and further reduce administrative costs to schools and the Federal government, is also included. A description of the technology and systems that school and borrowers will use for Direct Loan services is included as well. Telephone numbers and addresses for school, applicant,* and borrower services are on page 5. A summary of related training sessions for EDEExpress novices, the Direct Loans reconciliation process, and the Title IV Wide Area Network (WAN) is on page 6.

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* *FYJ* The term **applicant services** is used to distinguish services provided during the origination process (for loans that have not been booked) from services provided after a loan is booked (borrower services).

What to Expect During the Transition

The Department's primary goal is to ensure that Direct Loan origination and reconciliation will continue before and after the cutover of services from the current contractor, CDSI to EDS. The Department has been working to ensure a smooth transition.

For example, during the past several months, Department staff have held regular working sessions to coordinate the activities of all contractors and systems that affect loan origination and reconciliation. These sessions included staff from the new LOC contractor, EDS; the DLSC contractor, CDSI; and the Central Processing System, Title IV WAN, and Public Inquiry contractor, National Computer Systems (NCS).

We will continue to have periodic working sessions with the various contractors during implementation. In addition, during the first two weeks of operation, the DLSC school relations staff will work alongside the LOC school relations staff to ensure a smooth cutover for loan origination and reconciliation activities.

EDS, under the Department's guidance, has taken every precaution to guarantee that Direct Loans will continue to be processed and serviced efficiently. School officials can feel confident that EDS staff will have a thorough understanding of Direct Loan origination and reconciliation and should plan to continue business as usual. The LOC, under EDS's management, should be viewed as the same system schools have used for the past two years, just easier and better.

Overall Management Plan

When EDS takes over management of the new LOC on March 30, 1996, all Direct Loan schools will begin using a "single system" for both loan origination and reconciliation. Later in the Spring, EDS will also begin managing origination functions for regular and in-school Direct Consolidation Loans. Borrower services for loans in repayment, including Direct Consolidation Loans, will continue to be managed at the DLSC by CDSI.

EDS will use three facilities for origination, reconciliation, consolidation and related administrative activities. The functions carried out at each of the facilities are described below.

Loan Origination Center (LOC) (Montgomery, Alabama). This facility will be the main site for loan origination, reconciliation, and consolidation. Customer Service Representatives and School Relations staff will be located here. Support services such as the mail room, data entry, and imaging functions will also be located at the LOC. The LOC will start processing all loan originations on March 30, 1996.

Ballston Development Center (BDC) (Arlington, VA). EDS technical staff will be located at this facility. Personnel at this center will work closely with the Department of Education staff to ensure the program meets the Department's goals and objectives. Activities related to program management, quality control, documentation support, testing, systems development, and system transition management will be handled at the BDC.

Dallas Computer Center (DCC) (Plano, Texas). The LOC database server and related hardware will be housed here.

What Happens to Loans in Progress?

The Department realizes that schools may have work in progress, using the current loan origination subsystem, which may need further processing during or after the transition. The table below explains how transactions will be handled during the transition and what to expect after the transition.

Post Office boxes will be opened in Montgomery, Alabama, for the LOC on March 1, 1996, but mail received at the LOC will not be processed completely until March 30. Until then, mail will be opened and those issues that can be handled by mail or phone will be. School Relations Representatives will be located at the LOC, and all school and applicant phone calls will be forwarded to the LOC beginning April 1, 1996. Should you have questions, prior to the cutover, you may contact the Representatives in Montgomery from 9:00 a.m. to 6:00 p.m. EST on the Applicant Services number, 1-800-557-7394. After the cutover, School Relations Representatives can be contacted on the current school relations number, 1-800-848-0978, from 8:00 a.m. to 8:00 p.m. EST. The number will be transferred from the DLSC to the LOC at cutover .

Applicants who call the current borrower services telephone number will be asked if their question relates to origination; if so, they will be given a new telephone number to reach the LOC in Montgomery. The new telephone number will also be given for regular and in-school consolidations. The DLSC will include the new telephone number and address for applicant services at the Montgomery LOC, in all applicant letters, beginning late February, 1996.

Work in Progress	Detailed Plan
Loan Origination Records	Loan origination records will be processed at the DLSC in Utica through March 21, 1996. The LOC in Montgomery will begin loan origination processing no later than March 30, 1996.
Promissory Notes	Promissory notes will be imaged and indexed at the DLSC through March 18, 1996. Schools should transmit promissory notes to the LOC in Montgomery after this date. The LOC will begin processing PNotes upon receipt but will not complete processing until March 30, 1996, when the system becomes operational. PNotes and other documents imaged and stored on the DLSC system will be electronically transferred to the LOC. All promissory notes received but not processed by the DLSC will be transferred overnight to the LOC in Montgomery.
Credit Checks	The DLSC will initiate credit checks thru March 18, 1996. Beginning March 30, 1996, the LOC in Montgomery will take over the credit check process.
PLUS Endorser Forms	PLUS endorser forms that have not been processed by the DLSC by March 18, 1996, will be shipped overnight to the LOC in Montgomery where they will be processed.
Drawdowns and Level 2 and 3 Disbursement Rosters	There will be no interruptions in the flow of Direct Loan funds during this period. The DLSC will drawdown funds for Levels 2 and 3 schools, before the cutover, to cover all anticipated disbursements through April 1.
Excess Cash	Excess Cash will be handled by the DLSC through March 21. On March 22, 1996 the LOC will accept excess cash transmittals.
Reconciliation Records	The final processing of reconciliation records at the DLSC will be March 21, 1996. The LOC will start processing reconciliation records on March 30, 1996.
Consolidation Loans	The DLSC will continue to process regular consolidations. The LOC will begin regular and in-school consolidations when the new Direct Consolidation Loan application becomes later in the Spring, 1996.

For Non-techies:

Changes to the Direct Loan System

Users of the current Direct Loan system will notice that loan origination is streamlined under the new LOC. Changes were made to coordinate the origination and reconciliation processes and reduce the time required to process loan records.

For example, one computer system now handles both origination and reconciliation. This integrated system will help to eliminate delays when data is transported between systems. The new system will make it possible to update, modify, or delete data immediately. Schools should also notice fewer errors caused by redundant or duplicate data.

Two new services will be available to further reduce the time required to process loan origination and other records submitted by the school: New Telephone Technology and Overnight Completion of PLUS Loan Credit Checks.

New Telephone Technology

Through state-of-the-art telephone technology, Interactive Voice Response (IVR) and Computer Telephone Integration (CTI), LOC users can check the status of a loan application, order publications, or receive other services. They will have access to the system via five toll-free telephone numbers for: school relations, applicant services, loan consolidation, fax, and a telecommunications device (TTD) for the hearing impaired. (See page 5 for *telephone numbers and a brief description about how to use the IVR and CTI*)

Overnight Completion of PLUS Loan Credit Checks

Credit checks will be completed by the LOC within 24 hour and results provided to schools within 48 hours. (Current turnaround for a PLUS credit check is three days.) The LOS will use the On-Line New Account Credit System (OLNACS) which has a direct link to major credit bureaus. The OLNACS will access credit information on each applicant and endorser, analyze the data in accordance with the Department's guidelines and determine an applicant's credit eligibility.

For Techies:

How EDS Developed the LOC

EDS combined several approaches to develop and implement the LOC. In October 1995, EDS received copies of every computer program and file in the Loan Origination Subsystem developed by CDSI. This initial set of programs and files served as the "core origination system" on which EDS' LOC is built.

Under the Department's directions, EDS converted the core Loan Origination Subsystem, modified the interfaces and added a relational database. They also added new functionality and implemented changes critical to successful start-up of the system. The core origination subsystem was modified to run in a UNIX-based, client/server environment. It utilizes state-of-the-art graphical user interfaces (GUI) developed in Power Builder, and a relational database by Informix.

EDS converted the various "flat files" to the Informix relational database and recompiled the old COBOL source code with MicroFocus COBOL for an HP9000 UNIX computer. These modifications to the LOC give customer service representatives on-line access to school or borrower files resulting in better and more efficient service.

The core origination subsystem will continue to be modified periodically to resolve problems and to further improve the system. These modifications will be tracked and added to the core system as a series of "release upgrades."

To Protect Data: Backup

The conversion of any system is a very critical point in time. Tremendous planning and testing occurred as the new LOC was readied for production. The Department and EDS do not anticipate any disruptions to the system during the transition. However, we ask that each school protect its ability to recover from a system failure or error should one occur. This means that each school should prepare a set of backup files that would allow it to return to the end of the last day that the DLSC in Utica processed the system (March 21, 1996). For useful backup tips, refer to page 3 of the November/December issue of the *Direct Loans Newsletter*. As always, you may contact your Account Management team for more advice.

New Technology: Easy Access!

A single computerized system will be used to connect schools and borrowers to the LOC. LOC users will have the option of using the telephone, a computer, a fax, or simply writing a letter to obtain loan information. Following is a brief description of the new technology and a discussion about what a user might expect once connected to the loan origination subsystem. Telephone numbers, addresses, and bank account numbers for excess cash for all LOC services are in the box at the bottom of the page.



Integrated Voice Response Unit (IVR) will provide 24-hour service that uses both touch-tone and voice recognition in English and Spanish. The IVR may be used to obtain general information on loan origination and consolidation. The caller will be able to speak to a customer service representative from 8 a.m. to 8 p.m. EST, simply by selecting the customer service option. The IVR is also used to capture information about the caller for the Computer Telephone Integration system (CTI) by using an identification number that the caller enters into the system. Schools are identified by the school code and borrowers are identified by social security numbers.

Computer-Telephone Integration (CTI) uses the information from the IVR to access the user's files from the database when the call is received, and displays the information through a "popup window" on the customer service representative's screen before the call is connected. The representative is ready to assist the caller immediately, without having to ask the caller for information and waiting for the computer system to display the required information.

Correspondence or Fax. Correspondence received in the mail room, or by fax, is imaged and routed to a customer service representative via computer. Customer service representatives are notified of correspondence that needs written responses or telephone calls throughout the day. The correspondence is answered and a reply is promptly sent back to the inquirer.

How to Use The New Telephone Technology

School Officials will use the School Relations 800 number to obtain information about loan origination and reconciliation, or to order entrance and exit materials. The caller will be asked to enter the school code into the IVR, then will be given options. The IVR will connect the caller to the area of choice. If the school official needs to obtain information about loan origination or consolidation, the IVR will route the call to the representative assigned to the school, who will have immediate access (on screen) to the school's files.

Applicants (Borrowers) will use the Applicant Services 800 number. The caller who dials into the IVR is asked to enter his/her social security number, then is given a list of options. The caller is automatically routed to the appropriate customer service representative who will have immediate access (on screen) to the applicant's file.

Addresses & Phone Numbers for Direct Loans Services Montgomery, Alabama 36103

School Relations	P.O. Box 5692	800-848-0978
Applicant Services	P.O. Box 5691	800-557-7394
Consolidation	P.O. Box 4272	800-557-7392
Refunds	P.O. Box 2324	
Excess Cash (Schools)	P.O. Box 2011	
Compass Bank Account Number		707 2672 6
ABA		0620 0118 6
TDD		800-557-7395
Fax		800-557-7396

OFFICIAL BUSINESS

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DIRECT LOAN TRAINING



A series of training sessions will be held during January, February, March, April and May for schools participating in the William D. Ford Federal Direct Loan Program. Please refer to Direct Loan Program Bulletins and Dear Colleague Letters for registration and additional information.

Direct Loan Reconciliation Training.

One-day reconciliation sessions will be held in January and February in Atlanta, GA, Chicago, IL, San Francisco, CA and Washington, D.C. Contact your regional Account Managers for training dates and locations.

Title IV Update. ED has tentatively scheduled more than 60 two-day Title IV Update training sessions around the country from mid March through May 1996. **Look for registration and site information in a January 1996 Dear Colleague Letter.**

ED Express-Novice. This one-day hands-on EDEExpress training session is designed for Direct Loans school officials who have little or no experience with EDEExpress. Training sessions are tentatively scheduled for **March and April.**

Direct Loan Training for Year 3 Schools. ED has tentatively scheduled training in March and April for Year 3 Schools. **Look for registration and site information in a January 1996 Dear Colleague Letter.**

Please contact your Direct Loan Regional Training Specialist for additional information about the training sessions.

Region I	(617) 223-4963
Region II	(212) 264-8012
Region III	(215) 596-1716
Region IV	(404) 730-2012
Region V	(312) 886-6660
Region VI	(214) 767-9607
Region VII	(816) 880-4090
Region VIII	(303) 294-1393
Region IX	(415) 556-4747
Region X	(206) 220-4400

ABOUT OUR NEWSLETTER

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